

Citizens Clean Elections Commission

Report on Agreed-Upon Procedures

Jesse Hernandez
Participating Candidate for
State Senate District 17

October 2005

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(1931 - 1992)

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

Chairman and Members of the Commission
Citizens Clean Elections Commission
Phoenix, Arizona

We have performed the procedures enumerated below, which were agreed to by the Citizens Clean Elections Commission (Commission), solely to assist you in determining the Committee to Elect Jesse Hernandez's repayment amount to the Fund in accordance with the Citizens Clean Elections Act for the reporting period of April 23, 2004 to May 27, 2005. The Committee to Elect Jesse Hernandez's Amended Campaign Finance Report was the basis for the procedures performed. The Committee's management is responsible for the Amended Campaign Finance Report. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Obtain a copy of the candidate's amended campaign finance report for the reporting period.

Finding

We obtained the Amended Campaign Finance Report of the Committee to Elect Jesse Hernandez for the reporting period of April 23, 2004 to May 27, 2005. In addition, we reviewed this report for mathematical accuracy and noted no exceptions.

2. Perform a proof of receipts and disbursements for the reporting period.

Finding

We performed a proof of receipts and disbursements for the reporting period and determined that the Committee's "bank" activity did not agree to amounts reported on the amended campaign finance report. The following schedule will illustrate the results of this comparison:

	Amended Campaign Finance Report	Bank Statements
Beginning balance – April 23, 2004	\$ 0.00	\$ 0.00
Total receipts/deposits during the reporting period	33,941.67	35,716.90
Total disbursements during the reporting period	(34,618.67)	(35,716.90)
Ending balance May 27, 2005	\$ (677.00)	\$ 0.00

As illustrated above, the “cash on hand” balance at the close of the reporting period differed between the amended campaign finance report and the bank statements by \$(677.00). The following schedule will illustrate the various items which comprise the stated difference:

Ending balance – per bank statements – April 23, 2004	\$ 0.00
Campaign disbursements/fees clearing the bank statements, but not reported on amended CFR:	
New checks bank charge on bank statement 7/20/04	12.89
Check 107 to Barbara Mishler cleared bank statement 8/25/04	64.85
Check 106 to Jesse Hernandez cleared bank statement 8/31/04	100.00
Check 108 to Jesse Hernandez cleared bank statement 8/31/04	111.00
D/C POS to Office Max cleared bank statement 9/3/04	21.61
D/C POS to Office Max cleared bank statement 9/3/04	5.94
D/C POS to Cricket Comm. cleared bank statement 10/12/04	58.85
D/C POS to Denny's Restaurant cleared bank statement 10/6/04	13.27
D/C POS to Fry's Foods cleared bank statement 10/16/04	4.96
D/C POS to Office Max cleared bank statement 10/18/04	5.94
D/C POS to Fry's Foods cleared bank statement 10/23/04	17.28
D/C POS to A, T & T Wireless cleared bank statement 10/26/04	105.10
D/C POS to Whataburger cleared bank statement 11/3/04	9.06
D/C POS to China Town Buffet cleared bank statement 11/8/04	17.27
D/C POS to Cricket Communications cleared bank statement 11/12/04	56.88
D/C POS to Cricket Communications cleared bank statement 12/12/04	56.88
D/C POS to Cricket Communications cleared bank statement 1/12/05	56.88
D/C POS to Cricket Communications cleared bank statement 2/12/05	56.83
MO/CC to Professional Computers cleared bank statement 2/16/05	95.00
Check copy bank charge cleared the bank statement 2/23/05	14.00
D/C POS to Cricket Communications cleared bank statement 3/12/05	56.83
Check copy bank charge cleared the bank statement 4/5/05	10.00
D/C POS to Cricket Communications cleared bank statement 4/12/05	56.83
D/C POS to Cricket Communications cleared bank statement 5/12/05	56.87
Campaign disbursements/fees reported on amended CFR, but not clearing the bank statements:	
Payment to Village Inn listed on amended CFR 9/1/04	(27.36)
Payment to Dollar Tree listed on amended CFR 9/25/04	(3.24)
Payment to Baseline Sports listed on amended CFR 10/15/04	(30.89)
Payment to USPS listed on amended CFR	(34.00)
Campaign disbursements/fees reporting discrepancies between amended CFR and bank statements:	
D/C POS to Boathouse Restaurant listed on amended CFR 9/8/04	(15.12)
D/C POS to Boathouse Restaurant clearing bank statement 9/9/04	18.12
Check 114 to Direct Data listed on CFR 10/25/04	(1,609.63)
Check 114 to Direct Data cleared bank statement 10/27/04	1,609.67
Campaign funding/contributions deposits reporting discrepancies between amended CFR and bank statements:	
9/14/04 General funding deposit clearing on bank statements	(16,980.00)
9/14/04 General funding deposit listed on amended CFR	16,900.00
Various \$5 qualifying and \$110 early contributions clearing bank statements	(2,330.00)
Various \$5 qualifying and \$110 early contributions listed on amended CFR	635.00

Other identified miscellaneous reconciling items:	
Interest income added to bank statements, not included on amended CFR	(0.23)
MO/CC to Jesse Hernandez to close bank account cleared bank statement 5/27/05	125.66

Ending balance – per amended campaign finance report – May 27, 2005	<u>\$ (677.00)</u>
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Legend: D/C - Debit/Credit POS - Point of Sale MO/CC - Money Order/Cashier's Check
OS - Outstanding

Our review of the Committee's bookkeeping policies and procedures disclosed that the "cash on hand" activity was not being reconciled to the bank statements in a timely manner. This created a situation whereby inaccurate financial information was recorded on the amended campaign finance report.

3. Based on the results of procedure 2 above and review of the amended campaign finance report, calculate the Committee's aggregate repayment amount to the Fund in accordance with the Citizens Clean Elections Act.

- A. Determine whether the Committee properly reported all disbursements in the amended campaign finance report (*Citizens Clean Elections Act – Rule 20-704 B. 3; Title 16, Chapter 6, Citizens Article 2, Statute 16-941*).

Finding

Based on our review of campaign disbursements during the reporting period, we noted 24 disbursements which cleared the bank statements but were not included in the Committee's amended finance report. The following is a recap of the relevant information:

Campaign disbursements/fees clearing the bank statements, but not reported on amended CFR:	
New checks bank charge on bank statement 7/20/04	\$ 12.89
Check 107 to Barbara Mishler cleared bank statement 8/25/04	64.85
Check 106 to Jesse Hernandez cleared bank statement 8/31/04	100.00
Check 108 to Jesse Hernandez cleared bank statement 8/31/04	111.00
D/C POS to Office Max cleared bank statement 9/3/04	21.61
D/C POS to Office Max cleared bank statement 9/3/04	5.94
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D/C POS to Cricket Communications cleared bank statement 12/12/04	56.88
D/C POS to Cricket Communications cleared bank statement 1/12/05	56.88
D/C POS to Cricket Communications cleared bank statement 2/12/05	56.83
MO/CC to PC cleared bank statement 2/16/05	95.00
Check copy bank charge cleared the bank statement 2/23/05	14.00
D/C POS to Cricket Communications cleared bank statement 3/12/05	56.83
Check copy bank charge cleared the bank statement 4/5/05	10.00
D/C POS to Cricket Communications cleared bank statement 4/12/05	56.83
D/C POS to Cricket Communications cleared bank statement 5/12/05	56.87
Total campaign disbursements/fees clearing the bank statements, but not reported on amended CFR	<u>\$ 1,065.02</u>

- B. Determine whether the Committee paid all uncontested and unpaid bills no later than 30 days after the election period (*Citizens Clean Elections Act, Title 16, Article 2 – Statute 16-953*).

Finding

Based on our review of campaign disbursements, we noted 3 disbursements which were not liquidated within 30 days after the election period. The following is a recap of the relevant information:

Date per Bank Statements	Date per Amended CFR	Date Per Invoice	Method Of Payment	Payee	Amount
2/16/05	2/16/05	11/30/04	MO/CC	Professional Computers	\$3,498.89
2/16/05	2/16/05	11/29/04	MO/CC	Sproul & Associates, Inc.	1,716.57
12/17/04	10/28/04		EFT	AT&T Wireless	62.18
				Total	<u>\$5,277.64</u>

- C. Determine whether the Committee properly remitted excess funds (surplus) to the Commission within 5 days after filing the amended campaign finance report (*Citizens Clean Election Rules, Title 2, Administration, Chapter 20, Citizens Clean Elections Commission, Article 1 General provisions R2-20-109 Reporting requirements Section C Amended reports; Citizens Clean Elections Act – Rule 20–704 B. 4*).

Finding

The candidate closed out the campaign's bank account on May 27, 2005 through a cashier's check made payable to Jesse Hernandez in the amount of \$125.66. This disbursement was not reported on the Committee's amended campaign finance report. Since the surplus was not remitted to the Commission within 5 days after filing the amended campaign finance report and as previously noted the Committee's amended campaign finance report contained inaccurate information, it is considered to be repayable to the Fund.

- D. Determine whether the Committee made campaign disbursements in the primary and general election periods in excess of the adjusted primary and general spending limits (*Citizens Clean Elections Act, Title 16, Chapter 6, Citizens Article 2, Statute 16-941*).

Finding

Based on our review of the Committee's bank statements during the reporting period and the amended campaign finance report we determined that the candidate exceeded the adjusted primary and general spending limits by \$615.00. The following is a recap of the relevant information:

\$5 qualifying contributions and \$110 early contributions clearing bank statement	\$ 2,330.00
\$5 qualifying contributions and \$110 early contributions reported on amended CFR	(635.00)
Repayment of \$5 qualifying contributions to the Commission	(1,160.00)
General funding deposit clearing on bank statements	16,980.00
General funding deposit reported on amended CFR	(16,900.00)
Total	<u>\$ 615.00</u>

- E. Based on the results of 3A through 3D, calculate the aggregate repayment amount to the Fund.

Finding

Based on the results of 3A through 3D we calculated the aggregate repayment amount to the Fund to be \$7,083.32. The following is a recap of the relevant information:

Campaign disbursements/fees clearing the bank statements, but not reported on amended CFR	\$1,065.02
Uncontested and unpaid bills not liquidated within 30 days after the election period	5,277.64
Failure to remit campaign "surplus" funds to the Commission with 5 days after filing amended CFR	125.66
Campaign disbursements made in excess of the adjusted primary and general spending limits	615.00
Total aggregate repayment amount	<u>\$7,083.32</u>

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Committee to Elect Jesse Hernandez's repayment amount to the Fund in accordance with the Citizens Clean Elections Act for the reporting period of April 23, 2004 to May 27, 2005. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Citizens Clean Elections Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Miller, Allen & Co., P.C.

October 25, 2005